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24 October 1960

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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

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II. ASIA-AFRICA

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Laos: King Savang has signed an ordinance accrediting the Soviet ambassador and has scheduled an audience with him on 26 October. Savang had stalled signing the ordinance for ten days, apparently hoping that Souvanna's neutralist government would fall. Souvanna reportedly now is in Luang Prabang, where he will probable attempt to shore up his position with General Ouane and other officers who, earlier at least, had been close to an open break with his government. In Vientiane, there are reports that Kong Le may be planning an early attack on General Phoumi's defense line in central Laos.

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* Republic of the Congo: New outbreaks of mutiny and disorder in the Congolese army reportedly have occurred in Leopoldville and in the provincial capitals of Stanleyville and Coquilhatville. Mobutu has flown to Coquilhatville in an effort to restore order there. He is reported to be near the breaking point, and his decision to

present his case personally at UN headquarters may have been motivated partly by a desire to escape from the pressures in Leopoldville. In any case, he may not be able to retain any influence in Congolese affairs once he has left the country. The latest outbreak of army violence which the UN apparently has made no attempt to stop, will complicate efforts of the UN and pro-Lumumba forces to reconstitute a Congolese government which would include Lumumba. [redacted]

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III. THE WEST

Austria: Following President Schaerf's refusal to accept his resignation on 22 October, Chancellor Raab has agreed to try to re-establish the People's party - Socialist coalition government. A protracted effort may be necessary, since the long-standing differences of the two parties over financial policy have become more severe in recent months. The dispute with Italy over the South Tirol--currently under discussion in the United Nations--may be exacerbated during maneuvering for the formation of a new government, since both parties may try to outdo each other in seeking public support on the Tirol issue. [redacted]

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Cuba: While the majority of Latin American governments seems to feel that the US was justified in imposing an embargo on most exports to Cuba, official circles in Mexico and Chile are critical, viewing the US action as giving Castro an important propaganda advantage in the hemisphere. Other governments, while sympathetic, are concerned over what they expect will be a strong adverse reaction in Latin American public opinion. The Canadian press, meanwhile, has been unanimous in applauding Prime Minister Diefenbaker's announcement that

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"Canada has no intention whatsoever of imposing any embargo on Canadian goods in Cuban trade." [redacted]

[redacted] (Page 6)

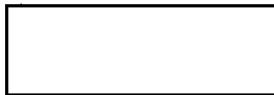
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Bolivia: President Paz has told US Ambassador Strom that he is under increasingly heavy political and economic pressure as a result of recent activity by extreme leftists and Communists, who are circulating the story that he is betraying the Bolivian revolution. Paz seemed genuinely disturbed, and Strom noted he had "never found him upset before." Paz said his position was made particularly difficult by Communist bloc offers of a tin smelter and other economic aid at a time when the Bolivian treasury is empty.

[redacted] (Page 8)

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King Savang has signed an ordinance accrediting the Soviet ambassador and has scheduled an audience with him in Luang Prabang on 26 October. The King had stalled signing the ordinance for ten days, apparently in the hope that Souvanna's neutralist government would topple. Savang reportedly told [redacted] that he had no alternative but to accept the Soviet envoy, even though he felt that this would open the door to Soviet infiltration, propaganda, and subversion, which, he said, Laos is too weak to resist.

Souvanna reportedly left Vientiane on 22 October for a visit to Luang Prabang and two provincial capitals in northern Laos. He probably is attempting to shore up support for his government from General Ouane and other officers in Luang Prabang who, at least earlier, were close to breaking openly with Vientiane. Souvanna may also wish to consult with provincial officials on the Pathet Lao military effort in northern Laos.

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With Souvanna and General Ouane out of Vientiane, Kong Le is free of any restraining influence. Reports indicate that Kong, who has been described as politically unsophisticated, has extensive contact with Pathet Lao sympathizers. On 22 October, he reportedly allowed Colonel Singkapo, a ranking Pathet Lao officer, to address a meeting of Laotian Army officers in Vientiane on the subject of neutrality. Rumors continue to circulate that Kong, possibly in cooperation with the Pathet Lao, may be planning an attack on General Phoumi's defense line in central Laos.

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A Laotian Army patrol investigating the loss of a post in the southern province of Attopeu was attacked on 16 October by Pathet Lao troops wearing new uniforms. The Pathets, who previously have withdrawn in the face of Laotian Army probes, apparently had been resupplied and possibly reinforced. Troops under General Phoumi's control are considered capable of controlling only the principal towns in Attopeu Province, while the Pathets have freedom of movement throughout the countryside.

Situation in the Congo

New outbreaks of mutiny in the Congolese army reportedly have occurred in Leopoldville and in the provincial capitals of Stanleyville and Coquilhatville. Disorderly Congolese troops have terrorized the African quarter of Leopoldville and have routed the police patrols of provincial governor Kamitatu. The UN, which earlier authorized joint patrols in the capital of its troops and Kamitatu's police, apparently has withdrawn its forces.

Mobutu has flown to Coquilhatville in an effort to restore order there. [] he

was not concerned over the army's loyalty; he apparently is depending on the 5,000-man force based at Thysville to regain control of Leopoldville. Mobutu apparently has vague plans of protesting the activities of Ghana, Guinea, the UAR, Morocco, and the UN command during his projected visit to UN headquarters; however, he reportedly is near the breaking point, and his decision to present his case personally at the UN may have been motivated partly by a desire to escape the pressures in Leopoldville. In any case, most observers in Leopoldville question whether he will retain any influence in Congolese affairs once he has left the country.

The latest outbreak of army violence will complicate the UN's efforts to bring about a peaceful reconciliation of political factions. The UN, under heavy pressure from such pro-Lumumba states as Ghana, Guinea, and the UAR, apparently has reached the conclusion that a solution to the stalemate in Leopoldville is impossible unless Lumumba and his followers are allowed to participate in the government. However, unrest in the capital would probably prevent any attempt to reconvene the Congolese legislature, and the UN command's failure to take action against the mutineers could compromise its reputation with both the politicians and the populace.

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The Austrian Cabinet Crisis

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Following President Schaefer's refusal to accept his resignation on 22 October, Chancellor Julius Raab is working to re-establish a coalition of the same two parties which formed the previous government--Raab's right-center People's party and the Socialist party led by Vice Chancellor Bruno Pittermann and Foreign Minister Bruno Kreisky. A protracted effort may be necessary to bring the parties together again; long-standing differences over financial policy have become more severe in recent months, and the coalition split came after failure to agree on the 1961 state budget.

There has been a deficit of approximately \$80,000,000 in the budget both last year and this year, and inflationary pressures have been on the rise. In the face of this, the Socialists are advocating a \$40,000,000 increase in pensions, out of total planned budget expenditures of about \$950,000,000. The People's party has not objected publicly to the pension increases but wants to finance them mainly by an increase in contributions, whereas the Socialists propose an increase in taxes that would fall primarily on the well-to-do.

Raab had for some time been considering retirement from politics because of ill health. If Raab fails to form a new government now, the Socialists may be asked to try because of the close balance of power between the two parties in parliament. The People's party has 79 seats in parliament, the Socialist party 78. The remaining eight seats are held by the right-wing, pan-German Liberal party.

The cabinet negotiations may indirectly exacerbate the dispute between Austria and Italy over the South Tirol--the issue of the rights of the German-speaking population in this area of Italy--which is currently under discussion by the UN General Assembly's Political Committee. In the maneuvering to form a new government, both sides may strive to gain public support by outdoing one another with extreme statements on the Tirol issue.

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Reactions to New US Restrictions on Exports to Cuba

While the majority of Latin American governments appears to feel that the United States was justified in imposing an embargo on most exports to Cuba, official circles in Mexico and Chile are taking a critical attitude toward the US action, viewing it as an important propaganda advantage for Castro in the hemisphere.

The Ecuadorian foreign minister and Bolivian President Paz, while sympathetic to the US position, have also expressed concern over what they expect will be a strong negative reaction in public opinion throughout the hemisphere. Venezuelan President Betancourt, as well as the Bolivian President, warned that the US move will be strongly criticized unless further action is also taken against the Trujillo dictatorship in the Dominican Republic. The Brazilian attitude seems complicated by the hopes apparently harbored both by the Kubitschek administration and by President-elect Quadros of effecting a reconciliation between the United States and the Castro regime.

Some of the Latin American governments expressing sympathy for the United States move may see it as obviating the need for their participating in any future multilateral sanctions against the Castro regime. Many Latin American leaders prefer to regard the Cuban issue as a bilateral problem between the US and Cuba. The Ecuadorian foreign minister frankly stated that a number of Latin American governments are too weak to run ahead of public opinion on this issue.

In Canada, the press has unanimously applauded Prime Minister Diefenbaker's announcement that "Canada has no intention whatsoever of imposing any embargo on Canadian goods in Cuban trade." The Canadian press was critical of the United States embargo action, and is exhorting the government to stand firm against any interference with exports and re-exports by subsidiaries of US firms in Canada. In a 4 October report on the Canadian Government's concern about the possibility of US restrictions against

Cuba, the American Embassy in Ottawa commented that it was unfortunate the issue should arise at a time when the Canadians are particularly sensitive to US influence over their economy and are considering the adoption of measures to combat this influence.

On 20 October, Radio Moscow reacted to the US move with: "We hardly need more vivid evidence that the US ruling circles intend a military venture. . . to strangle Cuba just as they strangled Guatemala. . . . But this time it will be different. Cuba's cause is the cause of all people working for peace against colonialism!"

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Bolivian President Under Leftist Pressures

President Paz told US Ambassador Strom on 19 October that heavy political and economic pressures are building up against him as a result of recent activities by Communists and extreme leftists, who are circulating the charge that he is betraying the Bolivian revolution. Paz seemed genuinely disturbed, and Strom notes he had "never found him upset before."

The President said his position was being made extremely difficult by Communist bloc offers of a tin smelter, tin concentration plants, a sugar refinery, and assistance in aerial photography at a time when he is faced with an empty treasury and is under economic necessity to raise rates on the government-operated railway and government-produced gasoline. The Soviet offer to aid Bolivia's tin-refining industry has received wide publicity. A Czech offer of a sugar refinery in Paz' home district was reported by the Cuban press service on 7 August but has not been widely acclaimed in Bolivia. The offer of assistance in aerial photography may have been included in one of several Communist overtures concerning aid for the petroleum industry.

A Bolivian senator who recently returned from the Soviet bloc expressed, what the American Embassy in La Paz feels may be widespread sentiment, that the nationalization of the tin mines--a primary objective of Bolivia's sweeping revolution in 1952--"will never be truly completed until Bolivia has its own smelter."

The president of the National Council of Agrarian Reform is now in Communist China, according to Bolivian press reports. The possibility of further contact between high-ranking Bolivians and Communist China is suggested by the action of Bolivia's leftist vice president, Juan Lechin, who recently decided not to cancel a reservation for travel to Hong Kong. Peiping had asked whether Lechin wanted to cancel or keep his reservation.

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